

Message Text

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PAGE 01 LUXEMB 00387 062350Z
ACTION EUR-12

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TO SECSTATE WASHDC 6331
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LIMITED OFFICIAL USE LUXEMBOURG 0387

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SUBJ: PRC TRADE MINISTER VISITS LUXEMBOURG

REF: BRUSSELS 6483

1. LI CHIANG, PRC MINISTER FOR EXTERNAL TRADE, VISITED LUX-
EMBOURG ON SUNDAY APRIL 2. HE HAD A PRIVATE MEETING
WITH PM GASTON THORN, AN AUDIENCE WITH GRAND DUKE JEAN,
A WORKING SESSION WITH REPRESENTATIVES OF SIXTEEN
LUXEMBOURG FIRMS, AND THEN ATTENDED A DINNER HOSTED BY THORN.

2. ACCORDING TO MFA AND BUSINESS COMMUNITY CONTACTS,
THE FOLLOWING MAJOR ISSUES WERE DISCUSSED (A) USSR - DURING
THE MEETING WITH THORN, LI CHIANG EMPHASIZED THE PRC'S
CONTINUING CONCERN ABOUT THE HOSTILITY OF THE SOVIET UNION
TOWARDS CHINA AS WELL AS THE IMPORTANCE OF A STRONG EUROPE
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AS A DETERRENT TO THE USSR. (B) CHINESE ECONOMIC DEVELOPMENT
LE CHIANG REVIEWED THE PRC'S PLANS FOR ECONOMIC DEVELOPMENT,
DESCRIBING THEM AS A REACTIVATION OF THE MAO/CHOU PLAN INTER-
RUPTED BY A GANG OF FOUR. LE CHIANG SAID THAT AS PART OF THIS
PLAN THE PRC WANTS TO BUY WESTERN KNOW-HOW AND IS PARTICULARLY
INTERESTED IN THE FOLLOWING SECTORS:

(I) STEEL - THE PRC HOPES TO DOUBLE PRODUCTION BY 1985 WITH

THE CONSTRUCTION OF FOUR NEW STEEL MILLS;

(II) TRANSPORTATION AND ENERGY - PRC RAILROADS ARE PRESENTLY STRAINED BY REQUIREMENTS TO TRANSPORT COAL AND COKE GREAT DISTANCES, PARTICULARLY TO POWER PLANTS. THE CHINESE BELIEVE THAT THEY HAVE ADEQUATE NATURAL ENERGY RESOURCES AND NON-FERROUS METALS AND THEY HOPE TO APPROACH EUROPEAN LEVELS OF COAL PRODUCTION IN THE NEAR FUTURE. PLANNED CONSTRUCTION OF NEW POWER PLANTS NEAR THE COAL SOURCES WILL EASE THEIR TRANSPORTATION PROBLEMS.

3. ON IMPORT-EXPORT FINANCING, OUR SOURCES INDICATE THAT LE CHIANG SAID THAT THE PRC SEEKS NO GOVERNMENT CREDITS BUT WISHES TO EXPLORE NEW FINANCIAL ARRANGEMENTS FOR THEIR INTERNATIONAL TRADE. IN THIS CONNECTION, LE CHIANG IS SAID TO HAVE RAISED THE POSSIBILITY OF OPENING A BRANCH OF THE BANK OF CHINA IN LUXEMBOURG.

4. THE MEETING WITH LUXEMBOURG BUSINESS REPRESENTATIVES WAS INCLUDED TO ASSIST LOCAL FIRMS IN IDENTIFYING APPROPRIATE CONTACTS WITHIN PRC TRADING AGENCIES AND THEREBY TO FACILITATE EXPORTS. NO CONCRETE BUSINESS DEALS RESULTED FROM THE MEETING ALTHOUGH SALES OF SOME SPECIALIZED STEEL PRODUCTS MAY EMERGE LATER. WE WERE TOLD THAT THE GOL VIEWS THE EC/PRC TRADE AGREEMENT AS A LETTER OF INTENT FOR TRADE. LOWENSTEIN

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